EXHIBIT A

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Autonomy Q1 2010 results conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will be given at that time. (Operator Instructions). And just to remind you all, this conference call is being recorded. I would now like to hand over to Andrew Kanter, Chief Operating Officer. Please begin your meeting and I shall be standing by.

Andrew Kanter - *Autonomy Corporation - COO*

Thank you, operator. Good morning, ladies and gentlemen. Andrew Kanter, Autonomy's Chief Operating Officer. I'd like to welcome everyone to Autonomy's interim commentary call for the first quarter of 2010.

First, let me offer apologies for rescheduling the results a day early and not being able to present from London today, due to the volcanic activities and forced changes to travel schedules. I'd ask for some understanding of any glitches, as the management team are all in different locations and we've had to prepare from a distance, which left some content out. Nevertheless, we have

joining us on the call Dr. Michael Lynch, Autonomy's Chief Executive Officer, and Sushovan Hussain, Autonomy's Chief Financial Officer.

Let's now begin with the main presentation, which today we intend to keep brief due to the unusual format. For the presentation, we will cover an overview of the quarter, customer wins, other business developments, the numbers and a review of the first quarter. Q&A will follow. Please register your questions with a star/one and a star/two to remove your question.

Due to the fact that it's well past midnight in San Francisco, we may not be able to take every question. But please remember, if we don't get to you, you can send your question to investors_questions@autonomy.com and we'll post answers on the website, or of course you can call the IR team.

Please be aware that this call is being broadcast, recorded and archived for later replay. The call, including the presentation and the PowerPoint itself, will be available on Autonomy's website.

Before starting, I'll read the usual Safe Harbor. During this presentation, the Company may make various remarks about its future expectations, plans and prospects, which constitute forward-looking statements for purposes of the Safe Harbor provisions under The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important risk factors.

Any forward-looking statements represent the Company's views only as of today and should not be relied upon as representing the Company's views as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so, even if its estimates change. And therefore you should not rely on these forward-looking statements as representing the Company's views as of any date subsequent to today.

During this call, the Company may refer to non-IFRS financial measures. These measures are not prepared in accordance with GAAP and thus a reconciliation of the non-IFRS measures to the most directly comparable IFRS measures will be made available in the Investor Relations section of the Company's website www.autonomy.com, under the heading Investors.

With that, I'll hand off to Dr. Michael Lynch, Founder and Group CEO, to start with a strategic overview and what we've achieved so far in 2010. Mike.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Good morning, everyone.

It's been a strong start to the year for Autonomy and we've continued to deliver on our strategic vision, leveraging the power of meaning to help companies understand process and drive value of their information assets. There is a fundamental shift towards leveraging unstructured information and Autonomy leads the way in this. More importantly, we have continued to invest and also have the capacity to extend our strategy through M&A where it will help generate the adoption of more idle technology. In 2010, we anticipate continued strong demand for our Protect solutions, as well as a geared recovery in Promote and Power.

With that background, I am pleased to announce record results, with revenues ahead of expectations at $194m and EPS towards the top end of the range at $0.25 despite the negative impact of MicroLink and the convert, circa minus $0.015. Gross margins, at 89%, are back in the target range and we'd expect to see them continue to fluctuate by plus or minus 2 percentage points, as many of you are used to seeing over the years.

Average selling price continues to increase, which is in line with our expectations, and larger deals are building in the pipeline. Customers have now moved well into recovery thinking and we are seeing a number of them working on large projects which we expect to reach fruition in the second half. We are seeing the continuation of freeing up of discretionary spend.

Moving on to the Q1 2010 highlights slide, within the business some of the highlights in the quarter included the introduction of new industry-leading products, such as the world's first Meaning Based multichannel customer interaction analytics application, new innovations across Meaning Based Marketing platform. We're the first to deliver integrated web content management, search optimization and rich media on a single platform. DSMail self-service archiving solution for email management, governance and eDiscovery and industry-leading eDiscovery technology now available in an easy to use appliance.

Autonomy is widely acknowledged as the leader in its space and some of that recent recognition has included industry accolades such as our end-to-end eDiscovery platform received top honors at the sixth annual law technology news awards and Autonomy was rated as strong positive in Gartner's eDiscovery market report.

Also, Rob Webb, our non-executive Chairman, recently announced the appointment of two new non-executive directors and we're looking forward to them taking up their posts shortly.

With that, I'd like to hand over to Andy, who will talk to us about some of the sales in the Power area.

Andrew Kanter - *Autonomy Corporation - COO*

Thanks, Mike. Looking at customers and buying, the best way to think about our business is along the three Ps - Power, which includes our OEM business, Promote and Protect. It's probably worth going over those areas again and we've broken customers up along those lines for this presentation.

First, the Power area. This is where customers deploy IOS infrastructure to help deal with the proliferation of unstructured information across the enterprise. There are some powerful drivers in this area, as companies look to automate rather than rehire a headcount that was shed during the depths of the downturn, and the trend for CIOs to standardize on one platform to process information in a number of operational areas.

This is an area that was growing pre-downturn at up to 35% year-on-year, but some of it is a discretionary spend that is sensitive to an economic recovery. These uses of IDOL often lead to automation and so companies can use them to avoid rehiring. This area is expected to see continued recovery in 2010 and we'd expect double-digit growth.

You'll see here on the slide some of the customers in the quarter in this area, including such names such as SAIC, AT&T, Genentech and Energy Solutions, reflecting lots of interest as companies are preparing for the greater volumes they're expecting in the upturn without rehiring staff.

Promote is the new kid on the block, but CMOs are very excited about the opportunity it offers for tangible revenue uplift. And we've seen a strong start in 2010 and expect this to be the geared recovery play. This area is very much geared to a recovery and the drivers we see there are things like the resurgence of retail that disappeared from the high street as it now comes back but online, as companies look to lock in the efficiencies they've achieved during the recession, also the shift from CPM to CPA advertising models and the explosive growth of social media. These are all powerful drivers for this business.

And again, you'll see here some of the customers in the quarter in this area, including American Automobile Association, Carnival Cruises, Citi, Kraft, Tesco Bank and Visa, reflecting the diverse nature of the demand.

Lastly, Protect is an area that's received a lot of attention during the recent downturn because of the dramatically increased regulatory burden on all companies, not just financial institutions. Rules like the FRCP, which affect companies all over the world

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and make all electronic information discoverable as part of legal proceedings, where the CEO can go to jail. COBS 11.8 in the UK, which have cast a spotlight on audio data, and you're all familiar with some of the so-called mega-deals we saw for up to $70m.

Growth in this area is not linked to a recovery because the regulatory burden will persist even in an upturn. And it's not a discretionary spend. If the company doesn't do the deal, the CEO can go to jail. So we expect growth in that area to continue at 15% to 20%. The recent spate of prosecutions and investigations brought by regulators on both sides of the Atlantic only serves to drive Phase Two new use cases. We also saw in Q1 another mega-deal in this area, worth $35m, and still have these in the pipeline.

So, lastly, you'll see here some of the customers in the quarter in this area, including Credit Suisse, Bank of America, Roche, Abbott Labs, the US IRS, Skadden Arps and Freddie Mac, reflecting the continued drivers of compliance concerns.

With that, let me give it back to Mike.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Okay. If we move on to talk about IDOL SPE and the OEM. With regard to IDOL SPE, we continue to be making process on the adoption of this cutting edge technology. Leading organizations are testing and taking up IDOL SPE to solve longstanding business issues in an entirely new way.

Program is on track, which now has it getting into full swing. I'm pleased to say that IDOL SPE average selling price is increasing in line with core IDOL sales, at $400,000, and sales of SPE doubled from Q4. More importantly, SPE is becoming a key component in larger sales.

We're starting a gentle move now to a more standard sales model and to facilitate this we are staffing up. This includes industry specialists with sales personnel identified, for example from Oracle. We're also starting to witness combinatorial opportunities where IDOL and IDOL SPE give increased competitive differentiation for prospects. Beta-testing seven new IDOL SPE functions to expand structured data capabilities.

On the OEM side of the business, we sell to virtually all of the major names in the software industry through a royalty based model. As we've mentioned before, that business acts like a tracker fund of the software industry. So as wider software sales increase and the number of products coming to the market increase, so you would expect OEM revenues to increase.

OEM revenue tends to be about half a quarter of lag behind the market. Thus, during the downturn, we've seen little to no slowdown in the signing up of new deals for products for the future, and that continues with 11 deals in this quarter, including new deals with Adobe, Symantec and Siemens.

The OEM growth has not yet started to accelerate, 36% growth, in line with the second half '09 rate of 35%, although it should be remembered this is against very strong growth a year ago.

With that, I'd like to hand over to Sushovan, who will take us through the financial highlights.

Sushovan Hussain - *Autonomy Corporation - CFO*

Thanks very much, Mike, and good morning, ladies and gentlemen.

I'm pleased to report our quarter one numbers this morning, which are in line with analyst consensus. Revenues are at $194.2m, up some 50% from Q1 '09. And fully diluted earnings per share is up 44% to $0.25, despite the negative effects of the MicroLink

acquisition and the convertible bond that weren't factored in at the beginning of the quarter. There was a less than 0.5% currency tailwind year-on-year, but a $1m currency headwind sequentially from Q4 '09. There was no effect from FX on the bottom line. Moving on to gross margins, excluding amortization of purchased intangibles, are at normal levels at 89% and continue to rise.

Those of you who follow us know that we have, in the past, excluded very large deals from the calculation of the average selling price, so as to stop major movements around the average price. Now, last quarter we said that we'd give you the ASP on a new basis. So where previously we had excluded large deals over $2m, we are now including all the large deals up to $10m, and that gives us the ASP on the new basis at $558,000. So it is not a direct comparison to previous periods. Now, details of this method can be found on the Q&A section of our website.

We completed some 19 $1m plus deals in the quarter. We saw no margin or pricing pressure during the quarter.

Continuing with costs, operating costs excluding options expense totaled $86m in Q1 2010, versus $87m for Q4 2009. We saw extra spend from the MicroLink acquisition offset by lower marketing and commissions.

The adjusted operating profits are up 48% to $86m and operating margins are at 44.4%. Higher operating profit led to higher earnings per share, as I said before, up 44% to $0.25 per fully diluted share after accounting for the convertible loan note.

The tax rate for the quarter was approximately 28%, the same rate as for 2009. However, we are nearing the completion of certain tax studies on loss carry-forwards and I'm flagging to you today that the full year P&L tax rate could be lower than the current assumed range of 28% to 30%. Now, we haven't finished these studies, but assuming completion of the studies in quarter two, then we will see a lower full year tax rate for 2010 but no change to the 2011 P&L tax rates. We may use some of this windfall to invest further in our business.

We acquired MicroLink in the quarter. The revenue contribution was approximately $1m and the cost contribution was approximately $4m, giving a negative EPS impact of around $0.008. The options charge in the quarter is $1.5m and is expected to stay at these levels.

The IAS 38 capitalization of R&D is at normal levels. Depreciation of previous capitalized R&D was $3.6m in the quarter, giving a net pre-tax impact of $3.1m, which is a 1.6% impact on operating margin.

The commit number for Q1 was $340m, versus $335m at the end of Q4. As we have discussed before, we don't expect this commit number to continue to increase, even though it is up a little bit this quarter.

So, moving on to the cash flow slide, the cash generated by operations was $85.5m, up 67% from Q1 '09. Of note in the quarter was the fact that CapEx was above our target level. However, this was mainly due to timing of payment of quarter four 2009 investment.

Now, as some of you have noticed, there was a difference in the timing of CapEx and thus its inclusion as an asset to our balance sheet and the cash flow impact in 2009. So it's probably worth explaining now, as it impacts the level of new CapEx spend that actually occurred in 2010 Q1.

In our 2009 report and accounts, we list total investments in PPE and software as $51m, and that comprises $22m of tangible and $29m of intangible investment. This was higher than the 2009 CapEx cash outflow of $34m. Now, part of the difference was the acquired PPE base of Interwoven, which was some $4m to $5m. The remainder was an accrual on intangible investment relating to the investment in additional datacenter capacity. This accrual unwound in Q1 2010 and was the reason why CapEx listed in the cash flow in Q1 2010 was higher than our target range of around $5m per quarter. But stripping out the accrual, our CapEx spend in Q1 was in line with what was flagged at the Q4 results.

Now, I would remind you that we handle over 14 petabytes of the world's most sensitive data and so the security arrangements around this are considerably more complex than those in a normal hosting environment.

So we ended the quarter with $911m of gross cash and $144m of gross debt. That was after we repaid $54m of debt during the quarter.

Now, as you know, we completed the issuance of the convertible loan note during the quarter, adding GBP497m of cash before fees. The loan note has a five-year term with a three-year issuer put. The conversion price is GBP20.63 and the coupon payable semi-annually is 3.25%. Proceeds are held in our functional currency of sterling, so revaluation goes through reserves not through the P&L.

The cash conversion in the quarter was 87% and was impacted by two specific factors. Firstly, we took advantage of discounted offers to purchase stock in advance of Q2 sales. And also, DSOs ticked up by a few days to 93 days, as a result of delayed government and commercial debtors. The latter paid approximately $6m immediately after the quarter end. If we adjust for these two effects, cash conversion was over 100%.

We expect the effect of the stock purchase to reverse in Q2, and with the Q2 cash collections this will have a beneficial effect on the cash conversion number in Q2. Looking towards 2010, we'll expect cash conversion, assuming the same level of growth as 2009, to be around 90%.

Our inventory is higher than usual at approximately $10m, as I mentioned already, and is expected to return to much lower levels in following quarters, but this does depend on take-up of products like the Arcpliance. Please note that the Arcpliance sales do not have the normal associated training or services as other sales and their margin is still dominated by the software element.

The trailing 12-month CFFO divided by trailing 12-month adjusted EBITDA was 81% for the year. And if we lag by one quarter to allow the cash to come in, i.e. accounting for our growth, then the yearly cash conversion figure is 89%. Last year it was 91%.

Moving on to the rest of the balance sheet, DSOs are at 93 days, as previously discussed, and we collected approximately $6m immediately after the quarter end. I expect DSOs to return to the target range of 85 to 90 days. Goodwill increased by approximately $57m as a result of the MicroLink acquisition and there were no other acquisitions in the quarter.

Other intangibles and PPE moved by $1m, from $433m to $432m. Deferred revenues were at $172m, versus approximately $173m in the seasonally strong Q4, and this is despite the changing business model. Deferred tax assets are at $20m versus $24m at the end of Q4 '09. This comprises mainly stock options, being the intrinsic gain of the outstanding share options.

Other debtors are currently at $48m, and that was up $2.5m from Q4 '09. Other debtors, as I've said before, consists of prepayments of rent, rates, insurances, D&O insurances, sales tax and deposits and, new this quarter, interest receivable on our deposits, also includes hosted and services yet to be invoiced. In quarter two, there will be a marketing invoice of approximately $4m paid for services which will be delivered over the remainder of the year.

Other payables are at $47m, versus $54m at the end of Q4 '09. And some examples of what goes into other payables include accrued commissions, deferred rents, accrued payroll and accrued vacation and a long tail of other items.

Deferred tax liabilities stayed flat at $85.5m. This balance is due to purchased intangibles offset by amortization and use of acquired tax losses.

And finally, I'm pleased to say that despite the economic climate we continue to be paid by our Blue Chip customer base and governments, and that the bad debt write-off continues to be below 1% of revenues and the bad debt provision, which is an automatic calculation based on the aging of debtors, was below 2%.

Moving on to the next slide, I'll now run through the model implications of the convertible bond on your earnings calculation, as most models have yet to fully factor this in. So the first adjustment that needs to occur is the convert needs to be split into its debt and equity elements. This split is based on the net present value of future cash flows of the interest and capital repayment and is 88% debt and 12% equity.

Now, secondly, the $765m of cash that has been received is now on the balance sheet and it generates income at around 1%. For IFRS treatment, an interest charge on the debt element of the bond, which is $660m, is made assuming a corporate bond rate of 6.04%. This is treated as exceptional for pro forma EPS and was $3.1m in the quarter.

For the pro forma EPS calculation, a fully diluted share count of $251m (sic - see presentation) should be used for Q1, assuming full convertible dilution of 7.2m shares, which is 24m shares pro rated for the period. And for completeness, the cash flow statement will reflect the actual coupon physically paid as 3.25% on the full convertible amount of $765m.

Now, as part of these results, I'm continuing to give you detailed disclosure on the different revenue streams coming into the business and in Q1 we recognized the following.

$47m of IDOL Product revenue, at its normal seasonal levels. $45m of IDOL Cloud revenues, as customers look to take advantage of the benefits of Cloud computing. And it's much more weakly affected by seasonality, though we still see an element of usual seasonality in the hybrid sales. OEM development licenses of $3m give us some visibility about future royalty streams into the OEM business. OEM ongoing royalties in the quarter amounted to some $26m. The deferred revenue release totaled $62m, which is predominantly maintenance revenue. And finally, services were up slightly on Q4 '09, to $11m.

Now, I hope that detail is useful for you as you model the business going forward. With that, I'll hand you back to Mike.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Okay. That comes to a time when I become horticultural and I start to talk about what we're seeing in terms of spring, so we move on to the review of analysts' models.

If we look at the Q2 analysts' models out there, there's actually very few numbers in the market which have been updated for any reasonable period of time. So very few of them have the effect of the dilution due to the convertible that Sushovan just talked us through.

If we look at current models of the usual seasonality, they would imply Q2 at $217m to $222m. As the margin is expected to be in a fairly normal area of 88% to 89%, the Arcpliance and Cloud costs are offset by lower services clearly. So if we include the dilutive effect of the convertible bond, the current EPS estimates would actually be revised to $0.28.

So, taking all that into account, we actually think that things are starting to flow a bit more positively than that, so we're happy to take back some of that effect. And so we're running with an adjusted model of $217m to $222m, $0.28 to $0.29.

Now, as I say, some of the numbers in the market which have been there for a long time unchanged are on a very large spread, both above and below this number. We would not expect people to have models that are very far out of this range (technical difficulty).

One last aspect is, as we mentioned in Q1, it is possible that we may, if we start to see a rapid acceleration in recovery, take the option of some extra marketing spend in Q2. This didn't happen in Q1. We would expect, if it happened in Q2, to look very like the scenario that we discussed the last quarter, quarter one, in which case it would have a negative effect of between $0.01 and $0.02.

Moving on to the full year, the current mid-range consensus shows 16% organic growth, which is around $900m of revenue. Once again, if we look at the impact of the convertible bond on previous estimates, that's about a 6% impact on the full year EPS, leading to $1.17 to $1.22. However, changing our view on the earnings means that we reinstate this back up to an EPS of $1.25 to $1.30.

One thing that I would like to continually stress is that we do maintain a flexible approach and therefore we will adapt to opportunities as they arise and to changing environment (technical difficulty). So these models can be adapted as we go along. We also like to take an evidence-based approach to models and so as more evidence comes in through the year we're in a position to make necessary adjustments.

Please note that the full tax rate may reduce pending the outcome of the reviews Sushovan just discussed.

Moving on to the conclusion, what we've seen is fundamentally the industry shifting to unstructured information and Meaning Based Computing is accelerating. Autonomy had a very strong downturn, maintaining growth rates considerably above the rest of the industry. And Autonomy has been confirmed by third party validation as having unchallenged industry-leading technology and position.

We've seen successful transitions to new business models. Autonomy is actually now one of the premier players in Cloud Computing, with possibly the largest Cloud Computing model in the industry.

And we're seeing strong demand driving Protect, which is carrying on decoupled from the cycle, and in fact many of recent news articles that we've seen about continuing investigations continue to drive new regulation to take up in that area. Power is driven by the need to automate, especially in an upturn, and Promote, which we believe is probably the most geared to an upturn in some of our areas. We're seeing further large deals in Protect coming through and we're now seeing the possibility of large deals in Promote.

We're seeing no pressure on our industry-leading growth rates or margins or average selling price.

IDOL SPE has launched well, with good growth now and customers starting to understand more and more about what can be done and we're getting new use cases coming back from customers.

Customers, we've noticed, are now working on much larger projects. This process has started in Q1 and is moving through Q2 and we expect to see the benefit to us in the second half of the year. We believe that we're well positioned for an upturn and we are willing to take a necessary flexible approach if opportunities arise.

Putting all this together, we expect a continuation of strong growth, reaffirming analyst expectations for 2010 and increasing our full-year profitability model.

Thank you very much. With that, I'd like to hand over to Andy, who will take you through the procedure for questions.

Andrew Kanter - *Autonomy Corporation - COO*

Thanks, Mike. Apologies to everybody for the line quality and thanks for your patience. That concludes the presentation portion of today's call. With that, we'll turn to Q&A. Operator, can you please read out the instructions to register questions from the call?

QUESTIONS AND ANSWERS

Operator

Thank you, sir. (Operator Instructions). Our first question comes from Michael Briest from UBS. Please go ahead.

Michael Briest - *UBS - Analyst*

Morning. Thanks. Could you talk a bit about the Arcpliance product because clearly the level of hardware purchase, and I guess maybe the level of sales there, would be more than we're used to? Can you talk about the prospects for that product? And then I've got a follow-up on the cost side of things.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Yes. The Arcpliance really has – it's a what's called a [host in] computing, so it's a hardware box which has all the software loaded on it in order to do a task. We've seen these, for example, in things like firewalls before, and in enterprise search and in eDiscovery. Arcpliance's major uses are in archiving and in what's called early case assessment.

The main driver for a sudden pick-up in Arcpliance purchases we think is early case assessment. What early case assessment is, at the point where suddenly you're served notice of a prosecution or that there's an investigation, it's a very, very fast way of getting answers because it comes all set up. You just plug it in, you plug in the network cable and you're immediately working.

We're not quite sure why suddenly customers are so keen on things like ECA. It may be something to do with the current wave of investigation that we've seen. So in the news recently there's been regulators on both sides of the Atlantic being a lot more aggressive in bringing cases, but also doing it without notice to the organizations involved, so that they don't have the usual customary period of discussion which may go on for weeks before the actual prosecution is undertaken. So we believe that there may be a scramble going on, with people wanting to cover ECA.

It must be said that this is just one of the forms in which customers can consume our technology. They can of course buy ECA, add software, set up their own servers and put the software on it, or indeed it can be done as a hosted offering as well. So really our approach is just to make the technology available in whatever form that customers want. We don't know whether this sudden burst of Arcpliance-type sales is a one-off because of a response to things the regulator is doing at the moment or whether it is part of a trend. I suspect it's probably more likely to be a one-off, but we'll see how that unfolds.

Michael Briest - *UBS - Analyst*

Could you say what the Arcpliance or appliance sales and hardware sales would have been in a normal quarter? It seems a large number for Q1, going into Q2.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Yes. It would be a fraction of that kind of number.

Michael Briest - *UBS - Analyst*

And then just a question on the guidance for earnings. You've obviously raised that at the underlying level, taking into account the convertible, but you haven't really changed the revenue. What is different on the cost base? I noticed that Sushovan said that marketing commission costs were lower in Q1, to offset the MicroLink effect. What was that?

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Well, we see the -- we see a series of moving parts that go on. Obviously you can see margin effects in that if there's less services with a sale, if there's less training with a sale. And then we build in various amounts of things like marketing into our forecasts, depending how we're seeing things unfold or how we are seeing product traction. Those obviously all get modified as we go along.

Michael Briest - *UBS - Analyst*

Okay.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

So, Andy, can we have the next question?

Andrew Kanter - *Autonomy Corporation - COO*

Yes. Operator, the next question, please.

Operator

Our next question comes from Daud Khan from JP Morgan. Please go ahead.

Daud Khan - *JP Morgan - Analyst*

Hi, yes. Just a follow-up question to Michael's question on the Arcpliance. If I understand it right, the $10m that has gone into inventory, I'm just wondering what the revenue would be for that amount of inventory and when we are likely to see that. Are we going to see that in Q2 or is that going to be spread across Q2 and Q3?

And secondly, I just wanted to touch again about the seasonality in Q1 versus Q2. On the website, on your question board, you talk about similar seasonality between Q1 and Q2. Now, this seasonality has come about because of the previous mega-deals. I'm just wondering what the difference now is between Q1 and Q2.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Okay. So the first question was on the Arcpliance. I'm afraid we are not going to give you an exact number, because that's rather commercially sensitive. What I would say is that the software component of the revenue is far higher than the hardware component. So the software is still the bit that dominates in terms of the cost of an Arcpliance. It's not the hardware; it's the software. Rather like on the Cloud side you may remember it's rather different from, for example, a normal hosting situation.

In terms of the sale, most of that inventory has already been sold in Q2. There might be a little bit that goes over the end, but at the moment it looks like it may well all happen in Q2.

In terms of seasonality, it's a complicated effect. Obviously you have to be careful of the stock period of Interwoven and the necessary adjustments. We are happy to put up information on the website that will help you see how we get to that number.

Okay. Shall we have the next question?

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Operator

Our next question comes from Gerardus Vos from Citigroup. Please go ahead.

Gerardus Vos - *Citigroup - Analyst*

Hi, morning. Thanks for taking my questions. Sorry to just come back again on Arcpliance, but I just tried to reconcile the guidance with what we know about Arcpliance. So if I do the maths correct, I think the guidance for the second quarter is for 10% to 13% growth. If – you are indicating that software is a higher component. You probably look at kind of $20m to $25m revenues coming through from just that kind of deal. It seems that either the second quarter is very much low-balled or perhaps there's something else going on, and I just wondered if you could reconcile that for me.

And secondly, in the pre-announcement you talk a lot about new exciting uses for IDOL, you probably indicated there to kind of SPE and MBM. And I was wondering if you could provide us with an update, how is that kind of tracking, how the deals are doing there. Thank you.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Okay. On the Arcpliance side, I think you need to be slightly careful of this sort of slicing and dicing idea. As I said, the customers can chose to buy ECA, eDiscovery and archiving either as an appliance model, which we haven't seen much of up until this quarter, Cloud or software license. So the fact that they happen to be taking it in one package rather than the other I'm not sure particularly leads us anywhere fruitful. One can keep that process going indefinitely, if you're taking things away, but it's actually the same function being addressed in the customer. The only reason that they would go for an Arcpliance was if they needed a very quick set-up in order to perhaps deal with some pressing matter that they have at the time.

The second question area, I'm sorry, it slipped my mind. Andy, could you remind me what that was?

Andrew Kanter - *Autonomy Corporation - COO*

Sure. It was just a question about some of the new uses of the technology, which unfortunately we've had to shorten the presentation a bit because of the disruption in travel schedules and preparation. But, Mike, if you want to talk about some of the new uses in technology, it would be helpful.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Yes. So there was a whole section on this which has been taken out because this is probably not the right format to handle it. In Meaning Based marketing, there's a new closed loop version of the technology which goes all the way from taking, optimizing ad spend, which is a new area for us. Now, that optimization is not like the traditional advertising optimization products that you see on the market because it – rather than optimizing for the effectiveness of the ad in terms of a click-through, for example, or CPA, it actually optimizes to the final outcome, so to the actual amount of sale on the website.

The other thing that's rather revolutionary around this closed loop model is that as well as monitoring an action-based process, where for example someone sees an online ad, clicks on it and then is taken through the website to an ultimate purchase, it also has the ability to deal with the impression-based value of advertising or the CPN type.

Now, there is that very famous quote about advertising, knowing that half of it is wasted but not which half. Well, this technology actually addresses that age-old problem in that what it does is by automatically monitoring social media and correlating it with

television, radio and online ads, even where there is no action from the ad, the reflection of this is picked up by automatically understanding the sentiment as it breaks in real time through social media. And that again is used to optimize the ads.

Now, all of that is put into a closed loop system where, whether the person comes in through, for example, a call center, where that's understood by using the speech technologies or the website, by using the MBM technologies, that system is then optimized using the optimize technologies which you've seen before. The optimize technologies then feed back to controlling the ad campaign, controlling the scripts in the call center and in real time redesigning the website. And all of that is then fed into a decision engine which does things like take a kind of inventory.

So very, very exciting, large connected single platform and that's the first in the industry. And hopefully, on a more suitable format, we'll get a chance to talk about that. Other interesting areas are a set of seven new functions which have been added, IDOL SPE, which we'll also be talking about at another time.

So, with that, Andy, can we have the next question?

Andrew Kanter - *Autonomy Corporation - COO*

Operator, the next question, please.

Operator

Our next question comes from Mohammed Moawalla from Goldman Sachs. Please go ahead.

Mohammed Moawalla - *Goldman Sachs - Analyst*

Yes. Thank you. Good morning. Mike, can you -- I just wanted to clarify a comment you made about a $30m transaction. Is that in the pipeline or was that something that closed in Q1?

And then, secondly, just as you look at the business, you've talked about the growing large deal pipeline. Can you perhaps dissect that across the three different parts of the business, the Power, Protect and Promote?

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Right. On the large deals, so we spoke in the past about the fact that there were more large banking deals and indeed that we're seeing the large Promote deals being worked on by customers. We did see one large banking deal which has an estimated value over the next few years of $35m. We have future large deals like that still in the pipeline. We're also starting to see larger deals on the Promote side in the pipeline.

And the second part of the question, Andy, could you prompt me again?

Mohammed Moawalla - *Goldman Sachs - Analyst*

Breakdown between Protect.

Andrew Kanter - *Autonomy Corporation - COO*

Sure. The question from Mo was about the breakdown in the large deal pipeline between areas like Protect and Power.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Well, Protect obviously does have these very large deals, which we are all familiar with. Power tends to top out more at the $5m to $10m area. And what we are now starting to see is Promote with some deals above that range in the pipeline. So if you were to put them in order of largest deals, then it's Protect that has the largest, then it looks like Promote will have the next largest and then Power would be at the bottom of that list.

Okay. Next question.

Andrew Kanter - *Autonomy Corporation - COO*

Operator, the next question, please.

Operator

Our next question comes from David Toms from Numis. Please go ahead.

David Toms - *Numis - Analyst*

Hi, guys. A couple of questions from me, firstly a quick one. I suspect the answer may be that the information on your website might be slightly dated. But on deferred revenue seasonality, you say on the website that deferred revenues will be strongest in Q1, whereas in this release you talk about a seasonal -- a normal seasonal progression in Q1 being weaker than Q4. Can you just clarify what the situation is there?

Sushovan Hussain - *Autonomy Corporation - CFO*

Yes. David, we'll update our website on that. So you'll see it on the website.

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

And your next question?

David Toms - *Numis - Analyst*

Can I just -- not guidance, sorry. On the Q2 consensus numbers that you're talking about, can you just clarify the $10m or so of hardware revenue? Is that included within those numbers or are you separately going to break that out and indicate what (multiple speakers)?

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

David, I think you may have misunderstood what that revenue is. It's not hardware revenue. What it is is the selling of an appliance. So you may be familiar with the Google appliances or the Barracuda appliances. We have very little interest in just selling hardware, and consequently the revenue that that goes for is not related to the hardware cost. It's solely a component of that sale. So what we are not doing here is acting as a generic company that resells hardware, like a Morse or something like that. Obviously those people do that business and we have no interest in it.

It's merely a way of allowing customers in time critical situations to get the software up and running as soon as possible, which ECA is a first 48 hours issue, for example. And it's a model which we are not pioneering. We saw the model in other application areas, such as firewalls and enterprise search, take off. And then we saw some small players trying to produce ECA products in this area. And they had some success because of the fact they were offering this footprint, so we've added that footprint, but obviously with the much, much more powerful technology that we have.

Okay. Andy, next question.

Andrew Kanter - *Autonomy Corporation - COO*

Operator, can we have the next question from the call, please?

Operator

Our next question comes from Fred Grieb from Credit Suisse. Please go ahead.

Fred Grieb - *Credit Suisse - Analyst*

Hi, guys. Thanks a lot. Just two quick questions from me. The first is on the OEM business. Can you comment on any sort of pipeline you have in terms of signings and maybe visibility from vendors who already have a relationship with Autonomy?

And then, can I have one more follow-on to that? What's the pipeline for IDOL SPE OEMs look like?

And then my second question is on competition, just particularly in the BRIC countries and Brazil. What are you seeing there?

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Okay. On OEMs, there's really not very much change, so the sign-up rate for new OEM products has been markedly constant over time and cycle. It ranges between about 10, typically 30 in a quarter, and we see no change in that. The reason I think it's decoupled from the cycle is it's such a long-term decision for people and it's a relatively little upfront cost. But we don't really see that changing at all. Obviously the more interesting area is how many products are the OEMs going to ship in terms of generating income for us, and obviously that's much more of a macro software question.

On the subject of emerging economies, as you are probably aware, we are quite well represented in China. But in the area of Brazil, we have frankly relatively little representation in that we have a general Latin American operation, and it probably is time for us to get more serious about doing things in Brazil. So, frankly, we don't have very many feedback points from that part of the world.

Okay. Next question.

Andrew Kanter - *Autonomy Corporation - COO*

Operator, the next question, please.

Operator

Our next question comes from Tintin Stormont from Singer Capital Markets. Please go ahead.

Tintin Stormont - *Singer Capital Markets - Analyst*

Hi, guys. Just a couple of things from me. First, on the -- you mentioned that customers you think are starting to do larger deals and that you'll see that in the second half. Could you give a bit more color in terms of verticals or the kind of projects that these are entailing and your relative confidence that these will come through in H2?

And the second one, just an update on potential acquisition targets in terms of timing as to -- I think before you were talking about possibly in early autumn. Is that still the case?

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Okay. On the last one first, we've made no difference to our views, so I think at the time of the convertible we mentioned that we thought the most likely period was early autumn. Obviously it could be before that or after that. So I think that's probably where we are on that.

In terms of the large deals, I think what's happening there is that Autonomy has in effect become a standard across a series of the application areas. And when companies are deciding to radically change how they're handling things, for example like the online environment or information governance, we are much more moving into this realm where it is taken as a standardization decision and that means the deals are much larger. It's rather akin to moving from the early days of the relational database to standardizing on transaction processing that we saw a while ago. So I think that's a fundamental driver.

So the question is really much more about timing and I think that really comes down to a confidence issue. If corporates are now confident to be planning on the basis that there is a sustained albeit gentle recovery, if that view were to change, then one could imagine that these larger plans might be put into stasis. If it was to continue at its own low level pace that it is now, then we would expect to see those deals come through in the second half.

Okay. Next question.

Andrew Kanter - *Autonomy Corporation - COO*

We are well past 2am in California, so I think we've got time for just a couple more questions. So, operator, let's take the next question, please.

Operator

Our next question comes from Rajeev Bahl from Piper Jaffray. Please go ahead.

Rajeev Bahl - *Piper Jaffray & Co - Analyst*

Okay. Thanks. Two quick questions from me. First of all, Mike, just to go back to the question on acquisitions, you've hinted that you are talking about companies that are already using Autonomy's technology, so I guess an OEM. Should we be thinking about that as bolt-ons to bolster the position you've built in your existing end markets or potentially a new end market?

And then the second question for Sushovan, just around the cash flow. Given -- okay, I hear what you're saying on the $4m outflow, but given the unwinding of the working capital moves from Q1, should we be looking for Q2 cash conversion above 120%, 130%, given everything unwinding?

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Right. On the acquisition question, I don't believe we've ever made that statement that we are looking for companies that already OEM our technologies. I think that's something that's come as commentary from the analyst community. So that's not something we would recognize as one of our comments.

The strategic drivers for us are the ones that we discussed really in our previous conference call, so things that drive strategic defensibility for IDOL in the long term so, for example, things that accelerate us owning the pipes, as we put it, inside corporates, which was what ZANTAZ did very well for us. Things that allow chaining for the separate markets, so that we knock out any chance of competition so, for example, with Interwoven we link the web and call center markets and the law firm and eDiscovery markets. Or indeed areas where we can create a standard, which was what the effect of the Verity acquisition was. So it will play into those areas.

We certainly would not be constrained to acquiring one of our OEMs. We -- generally that's not a -- of its own, that's no reason to do it. If the OEM was doing a good job being an OEM, then we would have no interest in acquiring them. It's only where you have these higher value possibilities that we would actually move forward with that.

So for the other part of your question, I will hand over to Sushovan.

Sushovan Hussain - *Autonomy Corporation - CFO*

Yes. Rajeev, as I said in my presentation, we expect the effect of the stock purchase to reverse in Q2 and then the Q2 cash collections that we made immediately after Q1 to have a beneficial effect. So you would expect those two to be a beneficial effect. But obviously we are seeing higher sales in Q2 versus Q1, so there will be a lag effect on the cash collection regarding that. So I think around 100% would be a good model for today and then we'll see as we go along the quarter.

Andrew Kanter - *Autonomy Corporation - COO*

All right, operator, can we take what I guess will be the last question, please?

Operator

The next question comes from Josep Bori from Deutsche Bank. Please go ahead.

Josep Bori - *Deutsche Bank - Analyst*

Hi, good morning. Thank you very much for taking my question. Just a couple. On the legal side of Interwoven, have there been any significant deals in this quarter? And would you say you are getting the traction in the legal value chain that you were expecting when you acquired Interwoven?

And then my second question is much more on the modeling side of things. R&D capitalization was slightly higher than I was expecting. Could you remind me again what we should be expecting for the full year, please?

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Okay. So on the law firm front, I don't know if Andy has the list in front of him, but basically the Interwoven acquisition on the law firm side has been pretty much totally victorious in the sense that Interwoven went from 75% of the top law firms to being

in 100 at the iManage side of the business. The win rate in that market has just been phenomenal. Basically, law firms are converting over in order to be compatible with their clients.

Now, those deals are not as large as our general corporate deals, but the important thing is that they're about compatibility between the clients. So the fact that the law firms – and if you look at our releases over the last year you'll see a who's who of the top law firms converting over. The fact that all the law firms are running Autonomy means that that becomes the logical choice for the corporates, and of course eDiscovery for a corporate can be up to 20m. So we saw companies like Skadden Arps, which is one of the largest law firms, actually do the deal in the quarter. And I can get you a list of all of the law firms and you'll find it's basically pretty much all of the major law firms now.

Okay. And the second part of the question?

Sushovan Hussain - *Autonomy Corporation - CFO*

Yes. So this was to do with capitalized R&D, Mike, so if I –

Dr. Michael Lynch - *Autonomy Corporation - Founder and CEO*

Yes. Well, the main thing on that I think is it's not our choice; it's something which is an IAS directive. As I've said in the past, it's a slightly strange rule to me in that it's not discretionary, so we have to capitalize things when they reach their commercial exploitation rate.

The situation is it's hard to predict exactly what the number is because it depends when products become commercial exploitable. And the whole point about R&D is you can't always exactly predict when something you're working on gets finished and therefore triggers this automatic process under the accounting rules. So what we do is take an average rate. And, Sushovan, do you want to go through the average rate and its effect that you use in your model?

Sushovan Hussain - *Autonomy Corporation - CFO*

Yes. The average that we tend to model is around 2.5% to 3%. But the other thing just to note is that the amortization of the R&D capitalization, you should model that in as well, because that is increasing quarter on quarter.

Andrew Kanter - *Autonomy Corporation - COO*

I think, with that, we've run out of time. Mike, you can now go to bed. For any additional questions, please feel free to contact investor_questions@autonomy.com. Thank you, ladies and gentlemen.

Operator

Ladies and gentlemen, thank you for your participation today. This concludes today's conference. You may now all disconnect your lines. Thank you.

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